

FISCAL NOTE

HB 3136 - SB 3594

February 15, 2008

SUMMARY OF BILL: Subjects motor vehicles operated by individuals not possessing valid driver licenses to seizure and forfeiture proceedings.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$850,000

Increase State Expenditures - \$43,200/One-Time

\$2,940,000/ Recurring

Increase Local Revenue - \$4,800,000

Increase Local Expenditures* - Exceeds \$100,000/One-Time

Exceeds \$12,520,000/Recurring

Assumptions:

- According to the Department of Safety (DOS), there are approximately 79,300 convictions per year for driving without a license.
- DOS estimates 80% (63,440) would be returned after determining the drivers of such vehicles have valid driver licenses or other family members who are licensed drivers were present in the motor vehicle.
- 20% (15,860) of these cases would proceed to forfeiture proceedings.
- DOS estimates that 4,560 vehicles would be returned to owners as a result of determinations made at such proceedings.
- 11,300 would remain subject to seizure and forfeiture.
- 1,700 are estimated to be processed by the Tennessee Highway Patrol; therefore, 9,600 are estimated to be processed by local governments.
- DOS indicates that it would either have to contract with commercial storage lots to store the additional seized vehicles or purchase additional property to accommodate the additional vehicles.
- DOS and local governments contract with commercial lots for storage.
- The average time period a vehicle is stored before being sold at auction is estimated to be 60 days.
- DOS estimates such storage costs to be \$20 per vehicle per day. The increase to state expenditures resulting from the additional storage

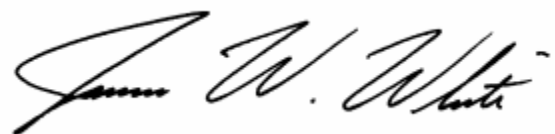
costs is estimated to be \$2,040,000 (1,700 vehicles x 60 days x \$20 = \$2,040,000) in FY08-09.

- 100% of vehicles sell at auction at an average price of \$500 per vehicle (net of all expenses related to the sale of such vehicles at auction).
- The increase of state revenue from vehicle sales at auction is estimated to be \$850,000 (1,700 vehicles x \$500 = \$850,000) in FY08-09.
- DOS would require twelve (12) additional positions statewide to implement the provisions of this bill (six attorneys, three administrative secretaries, and three property officers). The increase to state expenditures for the additional positions is estimated to be \$900,000 per year (salary, benefits, supplies, communications, etc.). One-time state expenditures associated with the additional positions are estimated to be \$43,200 (computers, software, communications, office space, supplies, etc.).
- Local governments incur storage costs and generate revenue from auctions similar to those experienced by the state.
- The increase to local government expenditures for additional storage costs is estimated to be \$11,520,000 (9,600 vehicles x 60 days x \$20 = \$11,520,000) in FY08-09.
- The increase to local government revenue from the sale of seized vehicles at auction is estimated to be \$4,800,000 (9,600 vehicles x \$500 = \$4,800,000) in FY08-09.
- Administrative costs for local governments are expected to increase significantly due to the 9,600 additional seizures and forfeiture cases annually. Such recurring costs are difficult to estimate, but are reasonably expected to exceed \$1,000,000 per year statewide. One-time costs are expected to exceed \$100,000 statewide.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director

/rnc